



**STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE**

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DIVISION OF REVENUE

TECHNICAL INFORMATION MEMORANDUM 2000-7

DATE: December 29, 2000

**SUBJECT: FORM 1801AC, APPLICATION AND COMPUTATION FOR DELAWARE
LAND AND HISTORIC RESOURCE CONSERVATION CREDIT**

CONTACT: Ronald A. Kaminski, (302) 577-8445, rkaminski@state.de.us

The purpose of this regulation is to describe the filing requirements for making an Application and computing the Delaware Land and Historic Resource Conservation Credit under the provisions of Chapter 18 of Title 30 of the Delaware Code.

H.B. No. 413 added a new Chapter 18 to Title 30 of the Delaware Code. Beginning with taxable years that commence on or after January 1, 2000, there shall be allowed as a credit against the tax imposed by Chapter 11 and 19 of Title 30 of the Delaware Code, an amount equal to 40% of the fair market value of any land or interest in land located in Delaware which is conveyed for the purpose of open space, natural resource, and/or biodiversity conservation or historic preservation as an unconditional donation in perpetuity by the landowner/taxpayer to a public or private conservation agency eligible to hold such land and interests therein for conservation or preservation purposes. The fair market value of qualified donations made under this Act must be substantiated by a qualified appraisal prepared by a qualified appraiser as those terms are defined under applicable federal law and regulations governing charitable contributions.

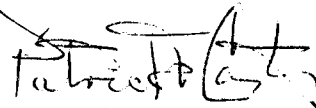
The amount of the credit that may be claimed by a taxpayer may not exceed \$50,000. In addition, in any one tax year, the credit used may not exceed the amount of individual or corporate income tax otherwise due. Any portion of the credit which is unused in any one tax year may be carried over for a maximum of five (5) consecutive years following the tax year in which the credit originated. Any qualified donation made in a tax year for which the Delaware Land and Historic Resource Conservation Tax Credit is claimed by a taxpayer, is not also eligible for treatment in the same tax year as a charitable contribution for State income tax deduction purposes in calculating Delaware income tax liability of the

respective donor. The disallowance of the charitable contribution in computing the Delaware individual or corporate income tax liability must be added back in the year in which the charitable contribution is deducted in computing the income tax for Federal purposes. The amount of the contribution in excess of the \$50,000 credit limit can not be used as a charitable contribution in computing the Delaware individual or corporate income tax.

The Department of Natural Resources and Environmental Control, in conjunction with the Department of State, Division of Historical and Cultural Affairs will certify eligible projects for treatment in fulfillment of the purposes of this Act. Upon receiving certification, the credit can be claimed and computed on Form 1801AC. Attached is a copy of Form 1801AC that will be used to compute the Delaware Land and Historic Resource Conservation Credit. Form 1801AC must be completed and submitted on or before January 31st after the end of the calendar year during which the qualified land was conveyed to a qualified conservation agency. The following supporting documentation must accompany Form 1801AC: an appraisal prepared by a qualified appraiser, the name and address of the qualified organization to which the property was conveyed, Form 5402 – Realty Transfer Tax Return & Affidavit of Gain And Value documenting the conveyance of the land and the approval letter from the Department of Natural Resources & Environmental Control.

For more information about these regulations, contact **Ronald A. Kaminski, Business Audit Bureau Manager, State of Delaware Division of Revenue, 820 N. French Street, Wilmington, Delaware 19801** or phone **(302) 577-8445**.

Patrick Carter

A handwritten signature in black ink, appearing to read "Patrick Carter", with a stylized flourish at the end.

Acting Director of Revenue

**APPLICATION & COMPUTATION SCHEDULE FOR CLAIMING
DELAWARE LAND & HISTORIC RESOURCE CONSERVATION TAX CREDITS**

FORM 1801AC MUST BE COMPLETED AND SUBMITTED ON OR BEFORE JANUARY 31ST AFTER THE END OF THE CALENDAR YEAR DURING WHICH THE QUALIFIED LAND WAS CONVEYED TO A QUALIFIED CONSERVATION AGENCY.

PART A – NAME AND ADDRESS OF APPLICANT**1. Enter Federal Employer Identification Number or Social Security Number**

Tax Period Ending Date
(MM / DD / YY)

Federal Employer Identification Number: 1 -- --

Social Security Number: 2 -- -- --

____ / ____ / ____

- 2. Type of Entity** ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Individual/Sole Proprietor
- ☐ Estate/Trust ☐ Decedent Estate ☐ Other Pass-Through Entity: _____ (Enter type of entity)

3. Name of Applicant**4. Address****5. Delaware Address (if different from above)**

| | | | |
|--------------------------|-------------------------|-------------------|-----------------------|
| 6. Contact Person | Telephone Number | Fax Number | E-mail Address |
|--------------------------|-------------------------|-------------------|-----------------------|

PART B – DELAWARE LAND & HISTORIC RESOURCE CONSERVATION TAX CREDIT COMPUTATION

- | | | |
|---|----|-----------------------------------|
| 1. Fair Market Value of Qualified Land Conveyed to a Qualified Conservation Agency (Please attach a copy of the formal appraisal) | \$ | <u> </u> |
| 2. Multiply Line 1 by 40% | | <u> .40</u> |
| 3. Delaware Land & Historic Resource Conservation Tax Credit Before Limitation | \$ | <u> </u> |
| 4. Maximum Amount of Credit | \$ | <u> 50,000</u> |
| Delaware Land & Historic Resource Conservation Credit. Enter the Smaller of Line 3 or Line 4. | \$ | <u> </u> |

STOP: IF THE TYPE OF ENTITY APPLYING FOR THE CREDIT IS:

- **C CORPORATION** – Enter the amount from Line 5 on Form 700, Delaware Income Tax Credit Schedule, Line 17(a).
- **S CORPORATION** – Multiply the amount on Line 5 by the percentage of stock owned by each shareholder. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 17(b).
- **PARTNERSHIP** – Multiply the amount on Line 5 by the percentage ownership of each partner. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 17(c).
- **INDIVIDUAL & SOLE PROPRIETOR** – Enter the amount from Line 5 on Form 700, Delaware Income Tax Credit Schedule, Line 17(d).
- **RESIDENT & NONRESIDENT ESTATES & TRUSTS** – Multiply the amount from Line 5 by the percentage share of each beneficiary. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 17(e).
- **RESIDENT & NONRESIDENT DECEDENT ESTATES** – Enter the amount from Line 5 on Form 700, Delaware Income Tax Credit Schedule, Line 17(f).

THE TOTAL AMOUNT OF CREDITS APPROVED BY THE DIRECTOR WITH RESPECT TO ALL APPLICANTS FOR THE DELAWARE LAND & HISTORIC RESOURCE CONSERVATION TAX CREDITS SHALL NOT EXCEED \$1,000,000 IN ANY CALENDAR YEAR. IF THE AMOUNT OF DELAWARE LAND & HISTORIC RESOURCE CONSERVATION TAX CREDITS FOR WHICH ALL TAXPAYERS APPLIED IN ANY CALENDAR YEAR EXCEEDS \$1,000,000, THEN THE DELAWARE LAND & HISTORIC RESOURCE CONSERVATION TAX CREDITS TO BE RECEIVED BY EACH APPLICANT SHALL BE THE PRODUCT OF \$1,000,000 MULTIPLIED BY A FRACTION, THE NUMERATOR OF WHICH IS THE ELIGIBLE DELAWARE LAND & HISTORIC RESOURCE CONSERVATION TAX CREDIT APPLIED FOR BY THE APPLICANT AND THE DENOMINATOR IS THE TOTAL OF ALL ELIGIBLE DELAWARE LAND & HISTORIC RESOURCE CONSERVATION TAX CREDITS APPLIED FOR BY ALL APPLICANTS.

NAME

TITLE

DATE

**GENERAL INSTRUCTIONS FOR COMPLETION OF
FORM 1801AC 0009**

Title 30 of the Delaware Code has been amended to create a new chapter known as: Chapter 18 – Land and Historic Resource Tax Credit. Beginning with taxable years that commence on or after January 1, 2000, there shall be allowed as a credit against the tax imposed by Chapter 11 and 19 of Title 30 of the Delaware Code, as set forth in this title, an amount equal to 40% of the fair market value of any land or interest in land located in Delaware which is conveyed for the purpose of open space, natural resource, and/or biodiversity conservation or historic preservation as an unconditional donation in perpetuity by the landowner/taxpayer to a public or private conservation agency eligible to hold such land and interests therein for conservation or preservation purposes. The fair market value of qualified donations made under this Act shall be substantiated by a "qualified appraisal" prepared by a "qualified appraiser" as those terms are defined under applicable Federal law and regulations governing charitable contributions. To claim the credit, Form 1801AC must be completed and submitted on or before January 31st after the end of the calendar year during which the qualified land was conveyed to a qualified conservation agency.

The amount of the credit that may be claimed by a taxpayer shall not exceed \$50,000. In addition, in any one tax year the credit used may not exceed the amount of individual or corporate income tax otherwise due. Any portion of the credit which is unused in any one tax year may be carried over for a maximum of five (5) consecutive years following the tax year in which the credit originated.

Any qualified donation made in a tax year for which the Delaware Land and Historic Resource Conservation tax credit is claimed by a taxpayer shall not also be eligible for treatment in the same tax year as a charitable contribution for state income tax deduction purposes in calculating Delaware income tax liability. **Contact Person: Ron Kaminski, (302) 577-8445, rkaminski@state.de.us.**

SPECIFIC INSTRUCTIONS

- Line 1 Enter the fair the market value of the qualified land conveyed to a qualified conservation agency. Please attach a copy of the formal appraisal of the qualified land. Please identify the qualified conservation agency to who the land is being conveyed.
- Line 2 The percentage of the fair market value of the qualified land to be tax deductible.
- Line 3 Multiply Line 1 by Line 2. This is the Delaware Land and Historic Resource Conservation tax credit before credit limitation.
- Line 4 Maximum amount of credit.
- Line 5 Enter the smaller of Line 3 or Line 4. This is the Delaware Land and Historic Resource Conservation tax credit after credit limitation.

STOP: IF THE TYPE OF ENTITY APPLYING FOR THE CREDIT IS:

- **C CORPORATION** – Enter the amount from Line 5 on Form 700, Delaware Income Tax Credit Schedule, Line 17(a).
- **S CORPORATION** – Multiply the amount on Line 5 by the percentage of stock owned by each shareholder. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 17(b).
- **PARTNERSHIP** – Multiply the amount on Line 5 by the percentage ownership of each partner. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 17(c).
- **INDIVIDUAL/SOLE PROPRIETOR**: Enter the amount from Line 5 on Form 700, Delaware Business Tax Credit Schedule, Line 17(d).
- **RESIDENT & NONRESIDENT ESTATES & TRUSTS** – Multiply the amount from Line 5 by the percentage share of each beneficiary. Enter the result on Form 700, Delaware Income Tax Credit Schedule, Line 17(e).
- **RESIDENT & NONRESIDENT DECEDENT ESTATES** – Enter the amount from Line 5 on Form 700, Delaware Income Tax Credit Schedule, Line 17(f).

THE TOTAL AMOUNT OF CREDITS APPROVED BY THE DIRECTOR WITH RESPECT TO ALL APPLICANTS FOR THE DELAWARE LAND & HISTORIC RESOURCE CONSERVATION TAX CREDITS SHALL NOT EXCEED \$1,000,000 IN ANY CALENDAR YEAR. IF THE AMOUNT OF DELAWARE LAND & HISTORIC RESOURCE CONSERVATION TAX CREDITS FOR WHICH ALL TAXPAYERS APPLIED IN ANY CALENDAR YEAR EXCEEDS \$1,000,000, THEN THE DELAWARE LAND & HISTORIC RESOURCE CONSERVATION TAX CREDITS TO BE RECEIVED BY EACH APPLICANT SHALL BE THE PRODUCT OF \$1,000,000 MULTIPLIED BY A FRACTION, THE NUMERATOR OF WHICH IS THE ELIGIBLE DELAWARE LAND & HISTORIC RESOURCE CONSERVATION TAX CREDIT APPLIED FOR BY THE APPLICANT AND THE DENOMINATOR IS THE TOTAL OF ALL ELIGIBLE DELAWARE LAND & HISTORIC RESOURCE CONSERVATION TAX CREDITS APPLIED FOR BY ALL APPLICANTS.